STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION

FINANCIAL STATEMENTS

For the Year Ended December 31, 1998

SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan.

I have audited the statement of net assets available for benefits of the Staff Pension Plan for Employees of the Saskatchewan Legal Aid Commission (Plan) as at December 31, 1998 and the statement of changes in net assets available for benefits for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 1998 and the changes in net assets available for benefits for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina. Saskatchewan
March 11. 1999

Wayne Strelioff, CA
Provincial Auditor

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
As at December 31

	1998	1997
Assets		
Investments (Note 3)		
Guaranteed funds	$ 2,517,767	$ 3,094,356
Pooled funds	5,559,526	4,321,416
Total assets	8,077,293	7,415,772
Liabilities		
Administrative expenses payable (Note 5)	4,282	—
Net Assets Available for Benefits (Statement 2)	$ 8,073,011	$ 7,415,772

(See accompanying notes to the financial statements)

Statement 2

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For The Year Ended December 31

	1998	1997
Increase in Assets		
Investment income		
Interest	$ 169,217	$ 248,460
Current period change in market values of Pooled investments	309,434	229,394
Transfer from other Registered Pension Plans	—	6,773
Contributions		
Member's required	328,673	322,841
Member's voluntary	120	—
Employer's	328,673	322,841
Total increase in assets	1,136,117	1,130,309
Decrease in Assets		
Administrative expenses (Note 5)	20,456	16,016
Transfers and refunds (Note 4)	458,422	348,655
Total decrease in assets	478,878	364,671
Increase in net assets	657,239	765,638
Net assets available for benefits at beginning of year	7,415,772	6,650,134
Net Assets Available for Benefits at end of year (Statement 1)	$ 8,073,011	$ 7,415,772

(See accompanying notes to the financial statements)

STAFF PENSION PLAN FOR EMPLOYEES OF THE SASKATCHEWAN LEGAL AID COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
December 31, 1998

1. Description of Plan

The following description is in summary only. For more complete information, reference should be made to the Plan document.

a) General

The Staff Pension Plan for Employees of The Saskatchewan Legal Aid Commission (Plan) is a defined contribution plan registered under *The Pension Benefits Act, 1992* of Saskatchewan (the Act).

The Plan was established as the Staff Pension Plan for the Employees of the Saskatchewan Community Legal Services Commission on November 1, 1977. The Plan was amended and the new name created as at September 1, 1983.

b) Administration

Effective January 1, 1996, the Plan is administered and sponsored by a joint trustees arrangement. The joint trustees consist of four members, two appointed by The Saskatchewan Legal Aid Commission (Commission), and two appointed by C.U.P.E., Local 1949. Day-to-day administration is provided by the Commission for the Trustees.

Prior to January 1996, the Trustees had an agreement with the North American Life Assurance Company (NALAC) to serve as the Plan's investment agency, investment custodian, and record keeper. Effective January 1, 1996, NALAC amalgamated with the Manufacturers Life Insurance Company (Manulife Financial) and this agreement continues with Manulife Financial.

c) Contributions

All employees hired on or after January 1, 1996 contribute 5% of their earnings each year. Employees hired prior to January 1, 1996 contribute between 5% and 8% of their earnings. This amount is matched by the Commission. The Commission's contributions are vested after two years of service and all members' contributions made before 1994 are considered additional voluntary contributions. The Commission's contributions made before 1994 are considered required contributions and subject to the minimum requirements of the Act.

Member's may make additional voluntary contributions which are not matched by the Commission.

d) Retirement, termination, or death

Upon retirement from employment, termination or death, a member's pension benefits, subject to vesting status, may be transferred from the Plan and Manulife Financial to another financial institution.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting policy is considered significant:

Investments:

Investment in Guaranteed funds are valued at cost plus interest earned on the funds which approximates market value.

Investment in Pooled funds are recorded at market value which are determined by reference to closing year end unit prices. Current period changes in value of Pooled funds are accounted for in the Statement of Changes in Net Assets Available For Benefits.

For investments held, fair value approximates quoted market values.

3. Investments

The Plan allows participating members to invest in either the Guaranteed or Pooled funds. These funds offer a choice of different levels of income and growth, guarantees and risk taking.

The members' interest rate risk arises from the potential adverse consequences of interest rate changes on the value of the Plan's assets.

The members' credit risk for Guaranteed funds is minimal as all investments consist of Guaranteed Investment Certificates (GIC's). For Pooled funds, the Trustee's Statement of Investment Policy and Goals[1] limits members' credit risk by requiring investment dealings to be with investees and counterparts considered to be of high quality and by setting the following investment limits and constraints:

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[1]The Trustee's Statement of Investment Policy and Goals is in accordance with *The Pension Benefits Act*, 1992.

- limiting the amount invested in individual equities to 10% of the outstanding shares of an issuing corporation;

- limiting the amount invested in individual bonds of any one corporation to not more than 10% of the book value of the issued bonds;

- permitting no investments in venture capital funds; and

- permitting no speculation in derivative instruments such as options, futures and warrants.

Guaranteed funds: The Guaranteed funds offered by the Plan are managed by Manulife Financial. These funds are made up of GIC's from 1 to 5 years in length and a nominal amount of money is kept in a current interest bearing account.

Pooled funds: The Pooled funds are managed by various investment managers under contract with Manulife Financial. The Funds have no fixed interest rate and the Pooled funds return are based on the performance of the funds. These funds include investment in the following Manulife Financial Funds:

Balanced Fund: This fund invests in Canadian and foreign common stocks, bonds, notes and convertible equivalents.

Balanced Growth Fund: This fund invests in Canadian and foreign common stocks, bonds and convertible equivalents.

Canadian Bond Fund: This fund invests in bonds, debentures, notes and other obligations issued by the Government of Canada, the provinces and their agencies, and by corporations with an investment grade rating.

Canadian Equity Growth Fund: This fund invests in Canadian common stocks and convertible securities.

Canadian Money Market Fund: This fund invests in short term debt instruments issued or guaranteed by the Government of Canada, the provinces and their agencies, Canadian chartered banks, corporations and other issuers which carry the upper quality ratings of a major Canadian credit rating agency.

Equity Growth Fund: This fund invests in Canadian and foreign common stocks and convertible securities.

Global Equity Fund: This fund invests in equities and convertible securities of non-Canadian growth companies. This portfolio is diversified by economic sectors and industries, and across a minimum of eight global markets.

U.S. Equity Fund: This fund invests in common stocks and convertible equivalents of corporations located primarily in the United States.

Investments at December 31

	Market Value	
	1998	1997
Guaranteed funds:		
Current Interest Deposit Account	$ 4,750	$ 3,869
1 Year Term	151,833	137,521
3 Year Term	131,574	207,048
5 Year Term	2,229,610	2,745,918
	2,517,767	3,094,356
Pooled funds:		
Balanced Fund	2,106,106	1,740,396
Equity Growth Fund	1,427,974	1,208,873
Canadian Equity Growth Fund	730,351	596,702
Canadian Bond Fund	196,207	167,884
Balanced Growth Fund	481,428	313,835
Global Equity Fund	234,218	132,694
U.S. Equity Fund	299,449	154,149
Canadian Money Market Fund	83,793	6,883
	5,559,526	4,321,416
Total investments	$ 8,077,293	$ 7,415,772

4. Transfers and Refunds

	1998	1997
Transfers to registered retirement savings plans and to private companies providing annuities	$ 458,422	$ 348,655

5. Administration Expenses

The annual operating expenditures associated with the Plan's administration are borne by the Plan, except for day-to-day administrative costs (Note 6). The Plan may be charged

with investment agency, investment advisor, fund custodian, consulting fees, and with any expenses in respect of the Plan reasonably and properly incurred by the Trustees in the administration and operation of the Plan. These expenses are initially paid by the Commission and are subsequently refunded by the Plan.

Effective April 1, 1997, any forfeited amounts which arise shall be applied towards the payment of any fees and expenses incurred by the plan.

The expenses incurred by the plan are as follows:

	1998	1997
Consulting fees	$ 23,980	$ 17,393
Insurance	2,355	2,355
Registration fees	680	640
Miscellaneous	27	—
	27,042	20,388
Forfeited amounts	(6,586)	(4,372)
	$ 20,456	$ 16,016

6. Related Party Transactions

Transactions with the Commission (a related party) and amounts due to or from it are described separately in these financial statements and the notes thereto.

The day-to-day administration provided by the Commission and Trustees are provided without charge to the Plan.

7. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of members, suppliers, or other third parties, will be fully resolved.